

## INTERIM REPORT

### APRIL – JUNE 2019

Clavister develops, produces and sells cybersecurity solutions. The company was founded in 1997 and has its headquarters in Örnköldsvik, Sweden. Clavister's solutions are based on proprietary and innovative software with industry-recognized market-leading performance. Proprietary software provides solid gross margins and price competitiveness, especially in mission critical business applications.

#### Second Quarter 2019

- Order intake for the quarter increased by 28% and amounted to 38.2 (29.9) MSEK.
- Net sales amounted to 32.7 (26.6) MSEK.
- Revenues increased by 23% and amounted to 33.1 (26.8) MSEK.
- Gross profits grew by 42% and amounted to 27.1 (19.1) MSEK, equal to a Gross margin of 82 (71)%.
- EBITDA amounted to -7.2 (-19.6) MSEK.
- EBIT amounted to -17.8 (-27.4) MSEK.
- Result before taxes for the period amounted to -25.3 (-34.4) MSEK.
- Earnings per share amounted to -1.07 (-1.68) SEK.
- Operating Cash flow amounted to -9.2 (-18.6) MSEK.
- Cash by the end of the period was 65.6 (65.3) MSEK.
- Number of employees (full time equivalents) by the end of period: 168 (177).

#### January – June 2019

- Order intake for the first six month increased by 32% and amounted to 67.5 (51.1) MSEK.
- Net sales amounted to 59.6 (49.3) MSEK
- Revenues increased by 20% and amounted to 59.6 (49.6) MSEK.
- Gross profits grew by 32% and amounted to 48.3 (36.5) MSEK, equal to a Gross margin of 81 (74)%.
- EBITDA amounted to -15.8 (-39.6) MSEK.
- EBIT amounted to -36.5 (-54.4) MSEK.
- Result before taxes for the period amounted to -53.7 (-70.7) MSEK.
- Earnings per share amounted to -2.28 (-3.22) SEK.
- Operating Cash flow amounted to -21.6 (-41.6) MSEK.

## Comments by the President and CEO

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The second quarter started with a very positive recognition: in a market report for 2018, independent industry analyst Gartner recognized Clavister as the fastest-growing supplier of security products within the Unified Threat Management segment. Not only is this an honorable appreciation, but more so a very positive acknowledgement of our growth strategy.

Our focus on growth and improved margins has paid off during the quarter, with a year-on-year order intake growth of 28%. With that, we closed our eleventh consecutive quarter of year-on-year growth, corresponding to an average quarterly order intake growth of 28%. Due mainly to a beneficial product mix, the quarter provided a good improvement to our gross profit, increasing year-on-year with 42%. Operating expenses in the quarter were lower compared to the same period in 2018, which, in combination with a revenue growth of 23% led to an improved EBITDA year-on-year by 12 MSEK and sequentially versus the first quarter by 1.4 MSEK.

A restructuring of the Nordic sales organization was made in order to create the right conditions for meeting our aggressive growth targets. The changes had a mid-term negative effect on sales growth, but we were able to sustain an order intake on par with the same quarter last year, at that time representing a record year-on-year growth of 67%. Our strong momentum in sales continued in the DACH region, with a good inflow of new end-customers and reseller partners, with a year-on-year order intake growth of 35% in the region. In Japan, our cooperation with NTTBP continued to be strengthened, and our products are now natural components of the infrastructure projects where NTTBP provides security. In addition, we have signed a number of new partner and distribution agreements in that region. It is our ambition that these measures over time will lead to a more stable and consistent sales growth performance for the Japan market.

After a year of significant focus, orders in the Communication Service Provider vertical grew significantly to 6.2 MSEK, representing a year-on-year growth of 290%. An exciting event was the commercial launch in June of one of the world's first virtualized mobile networks which is using Clavister's virtualized security solution. That particular mobile operator has already deployed hundreds of virtual firewalls from Clavister, so we anticipate further growth from this operator as their global roll-out continues.

During the quarter we launched several new and strategically important partnerships. Among them is a collaboration with Arm, one of the world's leading processor manufacturers. Thanks to the unique design of our software, we are able to deliver a complete security solution running on the Arm chip architecture, thereby gaining deeper access to growth markets such as 5G edge computing and industrial IoT applications. As a result of this collaboration, during the second half of 2019 we will conduct proof-of-concept deployments of the solution together with one of the world's leading mobile operators.

New product launches continue according to plan within the scope of our product portfolio Aurora Security Framework. One of our new key products is Clavister NetEye, an "Advanced Threat Protection" product capable of conducting high-performance, deep analysis of network traffic to detect sophisticated cyber-attacks. Clavister NetEye serves as a great complement to traditional firewall products and will in that capacity enable us to deliver to customers who would not otherwise be considering a new security vendor.

During the quarter we executed a directed rights issue of 35 MSEK within the 10% mandate from the AGM in May 2019, where the buyers were a small group of institutional investors. Cash holdings at the end of the quarter amounted to 66 MSEK which is on the same level as last year. As communicated earlier, we are expecting a draw-down the third tranche of the financing facility with the European Investment Bank during the second half of 2019 (5 MEUR). We are also continuing our discussions with a major financial institution regarding securing additional funds to fuel further growth.

Thanks for joining us as we continue our journey as the leading cybersecurity vendor in Europe!

**John Vestberg,**  
*President and CEO*

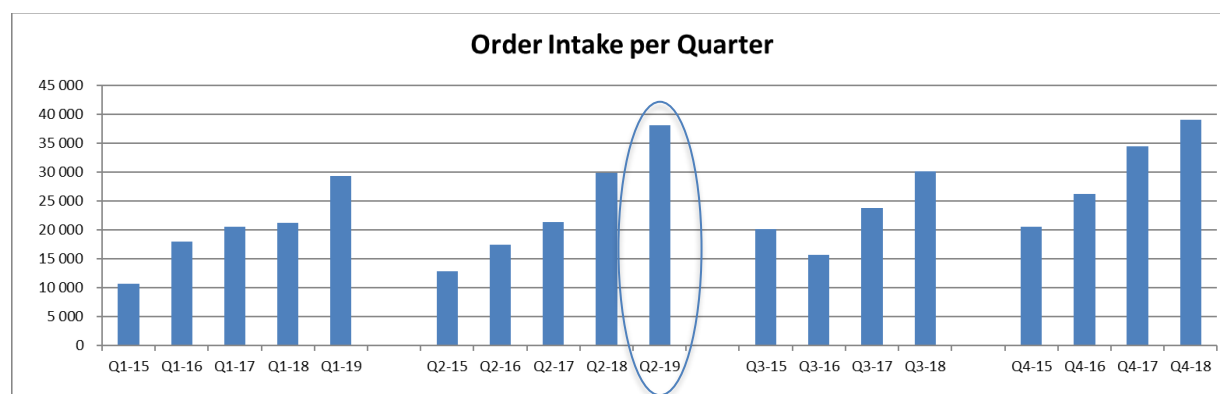
## Sales and Order Intake

Clavister reports sales bookings expressed as **order intake**, as it provides a consistent view of Clavister's growth, without any impact from IFRS accounting. The order intake is presented below in its totality, as well as broken down into individual markets.

During the quarter, the currency positively affected order intake by 3 %, which corresponds to 0.6 MSEK.

### Total Order Intake per Quarter

The second quarter of 2019 saw a growth in order intake amounting to 28%, compared to the corresponding quarter last year. In absolute numbers the order intake amounted to 38.2 (29.9) MSEK.



Quarterly Order Intake from Q1 2015 – Q2 2019 (TSEK)

### Order Intake per Market

The table below shows order intake broken down by market; the primary geographic markets where Clavister has operations with its own staff, "Rest of the World" representing all sales outside the primary geographic markets, and "Global Key Accounts" which consists of sales to specific larger customers with global operations.

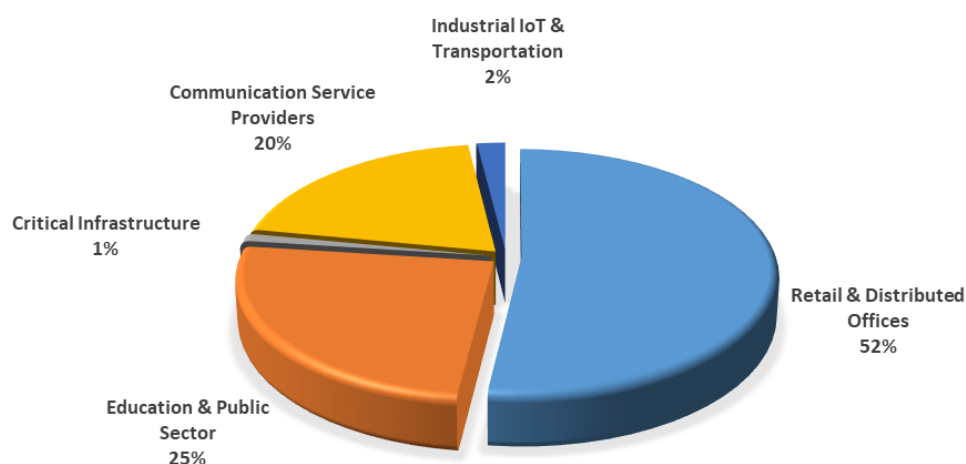
Order Intake per Market (TSEK)	Apr - Jun 2019	Apr - Jun 2018	Apr - Jun Growth (%)	Jan - Jun 2019	Jan - Jun 2018	Jan - Jun Growth (%)
Nordics	12 487	12 735	-2%	23 698	20 509	16%
DACH	5 017	3 715	35%	9 195	7 005	31%
Japan	3 006	3 528	-15%	3 527	5 891	-40%
Rest of the World	5 055	5 454	-7%	10 971	9 452	16%
Global Key Accounts (including CSP)	12 609	4 467	182%	20 065	8 234	144%
- whereof Communication Service Provider	6 212	1 594	290%	10 585	2 350	350%
<b>Total</b>	<b>38 174</b>	<b>29 899</b>	<b>28%</b>	<b>67 456</b>	<b>51 091</b>	<b>32%</b>

The sales development in the respective market is further elaborated upon in the CEO comments earlier in the report.

### Order Intake per End-Customer Vertical

Clavister focuses primarily upon five end customer verticals, based on established use cases; Education & Public Sector, Retail & Distributed Offices, Critical Infrastructure, Industrial IoT & Transportation and Communication Service Providers. The pie-chart below shows the order intake split by end-customer verticals. As the end customers are served by partners and distributors through Clavister's indirect channel strategy, the split is only indicative.

### Quarterly Order intake by End-Customer Vertical (%)



### Revenues and Gross Profits

Total accounted revenues for the quarter amounted to 33.1 (26.8) MSEK, a year-on-year increase of 23%.

The implementation of the IFRS 15 standard has on a net level affected the revenues as well as the bottom line for the quarter by -1.1 MSEK. For further info, see the section “Accounting Policies, IFRS 15 Revenue from Contracts with Customers”.

The gross margin for the second quarter amounted to 82 (71)%. The difference in gross margin between the years relates mainly to the product mix. The quarter saw a larger share of sales to the Communication Service Providers vertical, corresponding to a year-on-year growth of 290%.

The gross profit for the quarter amounted to 27.1 (19.1) MSEK, a growth of 42%.

The quarterly revenues are broken down by revenue type as follows:

	Apr - Jun 2019	Apr - Jun 2018	Apr - Jun Growth (%)	Apr - Jun Prop. 2019 (%)	Jan - Jun 2019	Jan - Jun 2018	Jan - Jun Growth (%)	Jan - Jun Prop. 2019 (%)
<b>Total revenues (TSEK)☐</b>								
Products	15 714	11 711	34%	47%	25 736	20 505	26%	43%
Support and Maintenance Contracts	12 746	12 875	-1%	39%	24 365	24 516	-1%	41%
Professional Services and Others	4 635	2 232	108%	14%	9 524	4 616	106%	16%
<b>TOTAL</b>	<b>33 095</b>	<b>26 818</b>	<b>23%</b>	<b>100%</b>	<b>59 625</b>	<b>49 637</b>	<b>20%</b>	<b>100%</b>

The revenue type “Products” consists of revenues from Clavister’s products - regardless if they are sold as hardware appliances, SaaS, or as perpetual software licenses.

“Support and Maintenance Contract” revenues consists of recurring revenues from support and maintenance contracts. Normally these types of contracts are signed for periods between 12- 60 months.

The revenue type “Professional Services and Others” consists primarily of professional services, directly linked to own products. Also paid-for training is included here.

### Costs and Operating Result after Depreciation/Amortization

Operating expenses decreased with 4.7 MSEK and amounted to 45.0 (49.7) MSEK.

The largest part of operating expenses are personnel cost, which during the quarter amounted to 36.3 (35.7) MSEK.

Other external costs consist mainly of marketing, IT and external consultants. During the quarter, other external costs amounted to 8.8 (13.9) MSEK, a decrease of 5.1 MSEK. Last year, usage of external consultants was high, due to extensive efforts in building up the current go-to-market organization. Those initiatives have now been concluded and are in execution.

IFRS 16 was implemented by Q4 2018, but with full retroactive effect for 2018. During the quarter, lease expenses were reduced by net 1.6 MSEK compared to 2018 as a result of the implementation of IFRS 16.

Depreciation amounted to 10.6 (7.8) MSEK during the second quarter, mainly attributable to capitalized R&D expenses, which are amortized evenly over 3-5 years.

### Result after Taxes

Interest expenses for the period have mainly had no cash impact on the Group's liquidity.

Out of the total financial net of -7.5 (-7.0) MSEK during the quarter, only 0.1 MSEK had a cash effect (interest rate for factoring and leases due to IFRS 16), while 7.4 MSEK of the financial cost had no cash effect. In connection with the European Investment Bank (EIB) and Tagehus financing, the lenders were granted warrants. The costs for the warrants are amortized over the duration of the loan and have affected the financial net for the quarter by -3.2 (-3.2) MSEK. Foreign exchange fluctuations in the Euro/SEK ratio had an impact of -2.0 (0.3) MSEK, due to the EIB loan taken in Euros. Remaining amount within the financial net amounts to 2.2 MSEK and refers mainly to non-cash interest cost for the EIB and Tagehus loans.

### Investments and Capitalized Development Costs

During the second quarter capitalized expenditures amounted to 10.7 (11.0) MSEK. Capitalization of development cost is driven by development working hours as applied to a growing product portfolio.

During the second quarter, no investments in tangible assets were made.

### Cash and Cash Equivalents, Financing and Financial Position

Cash flow from operating activities amounted to -9.2 (-18.6) MSEK.

Cash flow from investment activities amounted to -10.7 (-11.0) MSEK and relates in its entirety to the capitalization of development costs, see above under the heading "Investments and Capitalized Development Costs".

Cash flow from financing activities amounted to 31.4 (1.1) MSEK. During the second quarter, Clavister has carried out a directed new share issue of 2,097,500 shares at a subscription price of SEK 17 per share. The company has received proceeds of approximately 33.2 MSEK after transaction cost for the new share issue.

The total cash flow amounted to 11.5 (-28.5) MSEK for the second quarter.

The net debt by the end of the period amounted to -171.0 (-96.8) MSEK, of which cash holdings amounted to 65.6 (65.3) MSEK. Interest-bearing liabilities were distributed between long-term of 230.5 (162.1) MSEK and short-term of 6.1 (0) MSEK. The increase in net debt is mainly attributed to the loan from the European Investment Bank (EIB) and the Group's recognition of leasing liabilities (24.8 MSEK), in connection with the implementation of IFRS 16.

The Clavister group has two external loans:

- Clavister Holding AB signed a loan agreement of 50 MSEK in September, 2017 with TageHus Holding AB as lender. The loan has a tenor of three years. The loan, with its accrued interest may, be repaid in full by warrants based on a subscription price of 20 SEK. For further information, see section "Share Related Programs (warrants) and Convertible loan."



- A debt facility totally amounting to 20 MEUR signed in December 2017 between the European Investment Bank (EIB) and the borrower Clavister AB. The loan facility is contractually split into a minimum of three drawdowns, of which two (10 MEUR and 5 MEUR, respectively) have already been drawn. The remaining amount of 5 MEUR is planned to be drawn during the course of 2019 and is subject to the borrower meeting certain revenue and EBITDA conditions, which Clavister intends to fulfill.

## Impairment Testing

Impairment tests by year-end 2018 did not result in any group external adjustments.  
No need for impairment adjustments has been identified during this quarter.

## Market

For market information, see our latest annual report on the company's website:

<https://www.clavister.com/company/investor-relations/financial-reports/>.

## Personnel and Organization

As per end of the quarter, the number of full-time equivalents (FTE) within the group amounted to 168 (177).  
Apart from own employees, Clavister also uses external consultants, in total 6 (14).  
The total workforce as per quarter end hence amounted to 174 (191).

## Accounting Policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by European Union (EU).  
This report has been prepared in accordance with IAS 34, Interim Financial Reporting, ÅRL (the Swedish Annual Accounts Act) and RFR 2, Accounting for legal entities, issued by the Swedish Financial Reporting Board.

During 2018, two IFRS standards with material implications on Clavister's group statements were implemented.

### IFRS 15 Revenue from Contracts with Customers

The revenue recognition standard IFRS 15 was implemented by the Group from January 1, 2018 and will initially (primarily during the years 2018-2020) have a negative impact on the company's revenue accounting, compared to previous accounting recognition rules. This is because the support and maintenance components from a new order in 2018 will be accounted for in the balance sheet, then evenly allocated to the income statement as recognized revenues over the contractual period – normally during one up to five years. Before IFRS 15, Clavister recognized both its license and support and maintenance revenues immediately when the order was won – without any revenue allocation over the contractual period. For the full year of 2018 the net negative revenue impact from implementing the IFRS 15 revenue recognition method amounted to 8.8 MSEK, but at the same time the balance sheet value of accrued revenues per year-end amounted to 34.0 MSEK, which eventually will be recognized as revenues during the coming years.

The company estimates that the negative full year impact from the implemented IFRS 15 standard in 2019 will amount to circa 10 MSEK, compared with the prior revenue recognition model. From this first quarter of 2019 the recognized revenues were fully comparable with the corresponding 2018 figures, since both figures are accounted for in line with IFRS 15.

### IFRS 16 Leasing

IFRS 16 was applied from January 1, 2018 and replaced IAS 17 Leasing.

Clavister used the simplified implementation method. The simplified method implies that only remaining rental periods will be taken into account while transferring to the new standard, the previous year's figures are not

restated and contracts with fewer than 12 remaining months do not have to be considered and low value contracts.

According to the IFRS 16 standard, the lessee shall, as a general rule, report the leased asset in the balance sheet. Depreciation of the asset is then recognized in the income statement. The leasing fee is to be divided into interest payments and amortization. Clavister's 2018 income statement was affected by this standard mainly through the treatment of the office rentals in Örnköldsvik, Umeå and Nacka. Clavister's rental costs for 2018 decreased by 6.2 MSEK as a consequence, while at the same time Clavister's cost for amortization and interest rose by 6,8 MSEK.

The company estimates that the effect on the 2019 on the lease costs and amortizations will be somewhat higher than in 2018. As this standard was launched in the fourth quarter of 2018, with full retroactive effect for 2018, it will mean that the quarterly figures will not be full comparable until the first quarter 2020.

The same accounting principles and methods of computation are followed in this interim financial statement, as in the most recent annual financial statements.

### Disputes and Litigations

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There are no known or ongoing litigation cases or legal proceedings in which Clavister is involved.

### Transactions with Related Parties

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No significant business transactions between related parties and Clavister have occurred within the group during the reporting period.

### Risks and Uncertainties

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The company refers to the Annual Report and the website, [www.clavister.com/investor-relations/financial-documents/](http://www.clavister.com/investor-relations/financial-documents/), where a more extensive summary is made of the risks and uncertainties in the business that could significantly affect the results and share performance.

Clavister is dependent on external funding for its going concern, more specifically the remaining EIB tranche amounting to 5 MEUR. See also the financing section above.

### Material Post-closing events

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Clavister announced on August 20 that Håkan Mattisson is leaving his position as Group CFO per 1<sup>st</sup> of October 2019. Clavister has initiated the process to recruit a successor for the role.

There are no other significant events to report after the end of the reporting period.

### Upcoming reporting days

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Clavister intends to distribute financial reports on the dates below.

- |   |                   |
|---|-------------------|
| • Interim Report July – September 2019  | November 20, 2019 |
| • Interim Report October –December 2019 | February 20, 2020 |
| • Interim Report January - March 2019   | May 13, 2020      |
| • Annual General Meeting                | May 19, 2020      |

Financial reports, press releases, and other business information is available from the date of publication on Clavister's website; [www.clavister.com](http://www.clavister.com)

Any forward-looking statements in this report are based on the Company's best assessment at the time of the report. Actual result may be materially different.

Clavister do not publish any forecasts.

The President and CEO ensures that the interim report gives a true and fair view of the Group's and the Parent Company's business, position and results and describes significant risks and uncertainties faced by the company and the companies included in the Group.

**John Vestberg**  
*President and CEO*

*This quarterly report has not been subject to special review by the Company's auditor.*



## Condensed Consolidated Income Statement and Statement of Total Income for the Group

	Apr - Jun 2019	Apr - Jun 2018	Jan - Jun 2019	Jan - Jun 2018	Jan-Dec 2018*
<b>Income statement (TSEK)</b>					
Net sales	32 704	26 602	59 604	49 323	111 772
Other revenue	391	216	21	314	745
<b>Total revenue</b>	<b>33 095</b>	<b>26 818</b>	<b>59 625</b>	<b>49 637</b>	<b>112 517</b>
COGS	-5 995	-7 753	-11 332	-13 125	-26 480
<b>Gross profit</b>	<b>27 100</b>	<b>19 065</b>	<b>48 293</b>	<b>36 512</b>	<b>86 037</b>
Cap. Dev. Expenses	10 706	10 964	24 911	19 182	39 573
Staff costs	-36 266	-35 742	-71 763	-64 446	-131 768
Other external costs	-8 752	-13 918	-17 219	-30 844	-48 076
<b>EBITDA</b>	<b>-7 212</b>	<b>-19 631</b>	<b>-15 778</b>	<b>-39 596</b>	<b>-54 234</b>
Depreciation and amortization	-10 560	-7 753	-20 748	-14 761	-35 884
<b>EBIT</b>	<b>-17 772</b>	<b>-27 384</b>	<b>-36 526</b>	<b>-54 357</b>	<b>-90 118</b>
Financial items	-7 478	-7 025	-17 213	-16 305	-28 118
<b>Result after financial items</b>	<b>-25 250</b>	<b>-34 409</b>	<b>-53 739</b>	<b>-70 662</b>	<b>-118 236</b>
Taxes	-22	-5 224	-33	-5 224	-4 693
<b>Net profit - loss</b>	<b>-25 272</b>	<b>-39 633</b>	<b>-53 772</b>	<b>-75 886</b>	<b>-122 929</b>
<i>Average number of shares before dilution</i>	<i>23 562 050</i>	<i>23 562 050</i>	<i>23 562 050</i>	<i>23 562 050</i>	<i>23 562 050</i>
<i>Average number of shares after dilution</i>	<i>32 280 754</i>	<i>27 722 190</i>	<i>32 280 754</i>	<i>31 887 403</i>	<i>31 238 524</i>
<i>Earnings per share before dilution, SEK</i>	<i>-1,07</i>	<i>-1,68</i>	<i>-2,28</i>	<i>-3,22</i>	<i>-5,22</i>
<i>Earnings per share after dilution, SEK</i>	<i>-1,07</i>	<i>-1,68</i>	<i>-2,28</i>	<i>-3,22</i>	<i>-5,22</i>
<b>Net profit relating to</b>					
<b>Shareholders of the Parent Company</b>	<b>-25 272</b>	<b>-39 633</b>	<b>-53 772</b>	<b>-75 886</b>	<b>-122 929</b>
<i>Total results of the Group:</i>					
Net profit (loss) end of the period	-25 272	-39 633	-53 772	-75 886	-122 929
Other profit	396	-724	377	-767	40
<b>Net profit (loss)</b>	<b>-24 876</b>	<b>-40 357</b>	<b>-53 395</b>	<b>-76 653</b>	<b>-122 889</b>

\* Comparative figures are according to the adopted Annual Accounts of 2018

## Condensed Consolidated Balance Sheet for the Group

(1:2)

Balance sheet (TSEK)	2019-06-30	2018-06-30	2018-12-31**
<b>Assets</b>			
<b>Non current assets</b>			
Capitalized development costs	74 003	61 003	66 277
Goodwill	52 569	52 569	52 569
Program rights	0	28	0
Right of use assets ***	23 472	0	26 827
Tangible fixed assets	114	2 037	117
Deferred tax asset	76 771	76 661	76 771
Other long-term receivables *	31 114	41 408	31 334
<b>Total non current assets</b>	<b>258 043</b>	<b>233 707</b>	<b>253 894</b>
<b>Current assets</b>			
Inventories	9 877	6 476	5 444
Current receivables *	40 306	34 653	44 277
Cash and bank balances	65 600	65 296	82 176
<b>Total current assets</b>	<b>115 783</b>	<b>106 425</b>	<b>131 897</b>
<b>Total assets</b>	<b>373 826</b>	<b>340 132</b>	<b>385 791</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity *	44 934	108 599	66 738
<b>Total equity</b>	<b>44 934</b>	<b>108 599</b>	<b>66 738</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Convertible debentures	8 278	7 761	8 011
Liabilities to credit institutions	203 962	152 288	202 632
Interest-bearing liabilities	18 240	2 051	21 503
Deferred tax liabilities	1 302	1 791	1 302
<b>Total long-term liabilities</b>	<b>231 782</b>	<b>163 891</b>	<b>233 448</b>

## Condensed Consolidated Balance Sheet for the Group

(2:2)

Balance sheet (TSEK)	2019-06-30	2018-06-30	2018-12-31**
<b>Current liabilities</b>			
Interest-bearing liabilities	6 144	0	6 144
Accounts payments from customers	12 861	8 752	9 647
Other liabilities	4 178	4 879	5 898
Accrued expenses and deferred income	73 927	54 012	63 916
<b>Total current liabilities</b>	<b>97 110</b>	<b>67 643</b>	<b>85 605</b>
<b>Total liabilities</b>	<b>328 892</b>	<b>231 533</b>	<b>319 053</b>
<b>Total equity and liabilities</b>	<b>373 826</b>	<b>340 132</b>	<b>385 791</b>

\* The lenders, EIB and Tagehus, have been given warrants as part of their respective funding agreements. The interest have been accrued over the loan period. During the current quarter, the interest cost from these loans amounted to 3.2 MSEK, while the equity rose by 54.8 MSEK in connection with the loan financing.

\*\* Comparative figures are according to the adopted Annual Accounts of 2018

\*\*\* The group applies IFRS 16 Leases as of 1 January 2018. The Group recognises leasing liabilities of app. 24.3 MSEK, as well as right of use assets app. 23.5 MSEK, at the end of the reporting period. For further information, see Accounting Policies, IFRS 16 Leasing.

**Note Pledged assets**

Mortgage	50 000	50 000	50 000
Mortgaged shares in subsidiaries	66 611	66 611	66 611
Cash and cash equivalent	38 201	630	987
<b>Sum</b>	<b>154 812</b>	<b>117 241</b>	<b>117 598</b>

**Note Contingent liabilities**

Contingent liabilities	0	0	0
<b>Sum</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Condensed Consolidated Cash Flow Statements for the Group

	Apr-Jun 2019	Apr-Jun 2018	Jan - Jun 2019	Jan - Jun 2018	Jan - Dec 2018*
<b>Cash flow analysis (TSEK)</b>					
Profit (loss) before taxes	-25 250	-34 409	-53 739	-70 662	-118 236
Reversal of depreciation and write-downs	10 560	7 753	20 748	14 761	35 884
Other adjustments for non-cash items, etc **	2 581	1 407	5 324	6 096	5 460
Paid taxes	-444	-689	-847	-1 040	-2 202
<b>Cash flow from operating activities before working capital changes</b>	<b>-12 553</b>	<b>-25 938</b>	<b>-28 514</b>	<b>-50 845</b>	<b>-79 094</b>
Changes in inventories	-3 996	1 604	-4 470	1 580	2 612
Changes in operating receivables	5 401	-5 302	7 886	-349	-10 177
Changes in operating liabilities	1 957	11 037	3 537	8 041	22 055
<b>Cash flow from operating activities</b>	<b>-9 191</b>	<b>-18 600</b>	<b>-21 561</b>	<b>-41 573</b>	<b>-64 604</b>
Acquisition of property, plant and equipment	0	0	0	0	-2 250
Acquisition of utilization rights assets	0	0	0	0	-5 841
Investment of capitalized development work	-10 706	-10 964	-24 911	-19 182	-39 915
Other acquisition of financial fixed assets	0	0	0	0	10 075
<b>Cash flow from investing activities</b>	<b>-10 706</b>	<b>-10 964</b>	<b>-24 911</b>	<b>-19 182</b>	<b>-37 931</b>
Borrowings	0	0	0	98 367	150 043
New share issue, incl transaction cost	33 158	0	33 158	0	0
Other changes in financing activities	-1 788	1 072	-3 262	1 192	8 176
<b>Cash flow from financing activities</b>	<b>31 370</b>	<b>1 072</b>	<b>29 896</b>	<b>99 559</b>	<b>158 219</b>
<b>Cash flow</b>	<b>11 473</b>	<b>-28 492</b>	<b>-16 576</b>	<b>38 804</b>	<b>55 684</b>
Cash, beginning of period	54 127	93 788	82 176	26 492	26 492
<b>Cash, end of period</b>	<b>65 600</b>	<b>65 296</b>	<b>65 600</b>	<b>65 296</b>	<b>82 176</b>

\* Comparative figures are according to the adopted Annual Accounts of 2018. In addition, 4.087 TSEK refers to the feared foreign exchange loss regarding loans (in other currencies than SEK) that were in the annual report during the financing operations, which have been moved to "Other adjustments for items that are not included in cash flow."

\*\* "Other adjustments for non-cash items, etc." consist of exchange rate gains/loss for loans in other currencies, capitalized expenses associated with loans and interest convertible loans.

## Condensed Consolidated Changes in Equity for the Group

Equity (TSEK)	Apr - Jun 2019	Apr - Jun 2018	Jan - Jun 2019	Jan - Jun 2018	Jan - Dec 2018*
Equity, beginning of period	38 219	148 332	66 738	209 728	209 728
Issue expenses	-2 500	0	-2 500	0	0
Non-registered issue	35 658	0	35 658	0	0
Due, not redeemed warrants	-1 566	0	-1 566	0	0
Non-registered issue	0	0	0	0	121
Share-based compensation	0	625	0	625	625
Holdings of own shares	0	0	0	0	4 455
Deferred revenues from 2017, due to IFRS 15	0	0	0	-25 100	-25 303
Other total income for the period	396	-725	377	-768	40
Result for the period	-25 272	-39 633	-53 772	-75 886	-122 929
<b>Equity, end of period</b>	<b>44 934</b>	<b>108 599</b>	<b>44 934</b>	<b>108 599</b>	<b>66 738</b>

## Consolidated Key Data and Figures for the Group

Key data and figures	Apr - Jun 2019	Apr - Jun 2018	Jan - Jun 2019	Jan - Jun 2018	Jan - Dec 2018
Revenue (TSEK)	33 095	26 818	59 625	49 637	112 517
Gross profit (TSEK)	27 100	19 065	48 293	36 512	86 037
Gross margin (%)	82%	71%	81%	74%	76%
EBITDA (TSEK)	-7 212	-19 631	-15 778	-39 596	-54 234
Operating profit (TSEK)	-17 772	-27 384	-36 526	-54 357	-90 118
Net profit (loss) (TSEK)	-25 272	-39 633	-53 772	-75 886	-122 929
Earnings per share (SEK) before dilution	-1,07	-1,68	-2,28	-3,22	-5,22
Earnings per share (SEK) after dilution	-1,07	-1,68	-2,28	-3,22	-5,22
Price per earnings (SEK)	N/A	N/A	N/A	N/A	-2,90
Equity per share	1,91	4,61	1,91	4,61	2,83
Number of shares before dilution at the end of the period	23 562 050	23 562 050	23 562 050	23 562 050	23 562 050
Number of shares after dilution at the end of the period	32 929 633	30 881 875	32 929 633	30 881 875	31 631 875
Average number of shares before dilution	23 562 050	23 562 050	23 562 050	23 562 050	23 562 050
Average number of shares after dilution	32 280 754	27 722 190	32 280 754	31 887 403	31 238 524
Number of employees at the end of period (FTE)	168	177	168	177	176
Average number of employees (FTE)	171	169	172	166	178
Number of employees and external resources at end of period	174	190	174	190	183
Equity/assets ratio (%)	39%	102%	39%	102%	51%
Quick ratio (%)	143%	185%	143%	185%	198%
Net debt (-), Net cash (+) (TSEK)	-171 023	-96 804	-171 023	-96 804	-156 114



## Segment Reporting

A business segment is a part of the Group which operates independently and can generate revenue and incur costs and for which there is separate and individual financial information available.

Management reviews the Group's business performance from an order intake perspective, totally and broken down into separate markets, in combination with a total and functional cost base breakdown. Hence, no segment reporting is applicable to the group.

## Order Intake

Order intake being the sum of all valid customer orders booked within the accounting period. The order intake for the quarter and for the year has been described in detail earlier in this report.

Order Intake per Market (TSEK)	Apr - Jun 2019	Apr - Jun 2018	Apr - Jun Growth (%)	Jan - Jun 2019	Jan - Jun 2018	Jan - Jun Growth (%)
Nordics	12 487	12 735	-2%	23 698	20 509	16%
DACH	5 017	3 715	35%	9 195	7 005	31%
Japan	3 006	3 528	-15%	3 527	5 891	-40%
Rest of the World	5 055	5 454	-7%	10 971	9 452	16%
Global Key Accounts (including CSP)	12 609	4 467	182%	20 065	8 234	144%
- <i>wherof Communication Service Provider</i>	6 212	1 594	290%	10 585	2 350	350%
<b>Total</b>	<b>38 174</b>	<b>29 899</b>	<b>28%</b>	<b>67 456</b>	<b>51 091</b>	<b>32%</b>

## Share Capital

The company's share capital amounts to 2,356,205 SEK, with a par value of 0.1 SEK per share.

## Shareholders and Shares

Clavister Holding's shares are listed on Nasdaq First North. There is only one type of share in existence. Each share represents one vote at the General Meeting. The number of shareholders per end of June amounted to 5 381. The number of registered shares as per June 30 were 23,562,050.

	Number of shares 2019-06-30	% of total number
<b>The 10 largest shareholders</b>		
Försäkringsaktiebolaget, Avanza Pension	2 469 697	10,5%
Pension, Danica	1 084 213	4,6%
Clearstream Banking S.A, W8IMY	1 016 362	4,3%
RGG Adm-Gruppen AB	1 013 006	4,3%
Ålandsbanken i ägares ställe	922 086	3,9%
Fondita 2000+	753 000	3,2%
Nordnet Pensionsförsäkring AB	720 534	3,1%
Stenberg, Vidar	564 224	2,4%
AMF Aktiefond Småbolag	531 060	2,3%
Goldman Sachs International Ltd, W8IMY	500 000	2,1%
Other Shareholders	13 987 868	59,4%
<b>Shares registered under the Companies Registration Office as of 2019-06-30</b>	<b>23 562 050</b>	<b>100,0%</b>

Events	Number	Date
<b>Opening number of shares</b>	<b>23 562 050</b>	2019-06-30
New share issues	2 097 500	2019-07-03
<b>Closing number of shares</b>	<b>25 659 550</b>	<b>2019-08-28</b>
In additional, new share issues in 2020-2038, due to warrants and convertibel loan	7 539 025	
In additional, new share issues in 2020, due to warrants, reduction attributable to existing loan financing agreement*	-268 942	
<b>Number of shares after full dilution</b>	<b>32 929 633</b>	

### New share issues

During the second quarter, Clavister has carried out a directed new share issue of 2,097,500 shares at a subscription price of SEK 17 per share. The Company has received proceeds of approximately SEK 33.2 million after transaction cost for the new share issue.

The registration at Bolagsverket and allotment of the shares, took place after the end of the quarter, on July 3, 2019. As a result of the new share issue, the number of shares in the Company will increase with 2,097,500 from 23,562,050 to 25,659,550. The share capital will increase with 209,750 SEK from 2,356,205 SEK to 2,565,955 SEK. The new share issue entails a dilution effect for existing shareholders of approximately 8.2 percent based on the total number of shares in Clavister after the new share issue.

## Share Related Programs (warrants) and Convertible loan

### Warrants

There are four current incentive programs addressed to key employees, totally 1,195,000 warrants. Pricing is based on the Black & Scholes option-pricing model. Payment of the warrant options has been made in accordance with the extrapolated price according to the Black & Scholes model and has therefore not affected the Group's Income statement by any charges.

There are additionally five warrant programs linked to loan financing, of which a total of 4,312,608 warrants mature in 2020, 19,801 warrants mature in 2026 and 1,770,079 warrants in 2037, and an additional program was added with a total amount of warrants of 36,703, with maturity date in 2038. The total numbers of warrants linked to financing amounts to 6,139,191.

Holders of warrants will be entitled to subscribe for one new share in the company for each warrant. The number of warrants issued amounts to a total of 7,334,191 warrants.

For further info, see [www.clavister.com/investor-relations](http://www.clavister.com/investor-relations).

Clavister considers it a positive undertaking to offer warrants in order to foster commitment, interest and loyalty among warrant holders, something that is beneficial to the company.

Warrants	Number issued	Redeemed/ Due	Open	Share Price, SEK
TO 2016-2026	19 801	0	19 801	0,1
TO 2016 - 2019-06-30	530 800	530 800	0	72
TO 2017 - 2020-02-28	70 000	0	70 000	72
TO 2017 - 2020-02-28	75 000	0	75 000	79
TO 2017 - 2020*	3 062 608	0	3 062 608	20
TO 2017 - 2020	1 250 000	0	1 250 000	0,1
TO 2017 - 2037	1 770 079	0	1 770 079	0,1
TO 2017 - 2020-06-30	300 000	0	300 000	30
TO 2018 - 2038-04-30	36 703	0	36 703	0,1
TO 2018 - 2021-05-31	750 000	0	750 000	36,3
	<b>7 864 991</b>	<b>530 800</b>	<b>7 334 191</b>	

\*Warrants connected to loan financing. In connection with new share issue, the number of warrants and the conversion price will be adjusted. The conversion price will change from 20 SEK to 19.76 SEK per share.

Due to a lowered interest rate for one of the loans, the loan agreement stipulates a reduction of warrants. The reduction amounts to 268,942 warrants.

### Convertible loan

Norrlandsfonden currently has a convertible debenture of 10 MSEK. In case of conversion, approximately 204,834 shares in Clavister Holding AB will be added and the conversion price amounts to 48.82 SEK. The maturity date of the convertible is in 2022. The interest rate is based on STIBOR 90. If there is still a negative interest rate, no interest payment will be paid to Norrlandsfonden.

Convertible loan	Number issued	Redeemed/ Due	Open	Share Price, SEK
Norrlandsfonden 2022-05-31	204 834	0	204 834	48,82
	<b>204 834</b>	<b>0</b>	<b>204 834</b>	

### Condensed Parent Company Income Statement

	Apr - Jun 2019	Apr - Jun 2018	Jan - Jun 2019	Jan - Jun 2018	Jan - Dec 2018*
<b>Income statement (TSEK)</b>					
Net sales	125	3 900	250	7 800	500
<b>Total revenue</b>	<b>125</b>	<b>3 900</b>	<b>250</b>	<b>7 800</b>	<b>500</b>
Staff costs	-1 601	-2 675	-3 270	-4 563	-8 601
Other external costs	-1 616	-3 881	-3 169	-6 185	-10 408
<b>EBIT</b>	<b>-3 092</b>	<b>-2 656</b>	<b>-6 189</b>	<b>-2 948</b>	<b>-18 509</b>
Write-down of shares in subsidiaries	0	0	0	0	-98 000
Financial items	-529	-1 989	-2 539	-4 113	-8 136
<b>Result after financial items</b>	<b>-3 621</b>	<b>-4 645</b>	<b>-8 728</b>	<b>-7 061</b>	<b>-124 645</b>
Taxes	0	-17	0	-17	93
<b>Net result</b>	<b>-3 621</b>	<b>-4 662</b>	<b>-8 728</b>	<b>-7 078</b>	<b>-124 552</b>

\* Comparative figures are according to the adopted Annual Accounts of 2018

## Condensed Parent Company Balance Sheet

Balance sheet (TSEK)	2019-06-30	2018-06-30	2018-12-31*
<b>Assets</b>			
<b>Fixed assets</b>			
Shares in group companies	513 295	611 295	513 295
Receivables from group companies	0	1 500	0
Long-term receivables	3 719	0	3 816
Deferred tax asset	361	251	360
<b>Total fixed assets</b>	<b>517 375</b>	<b>613 046</b>	<b>517 471</b>
<b>Current assets</b>			
Current receivables	2 629	9 922	8 948
Cash and bank balances	38 201	630	987
<b>Total current assets</b>	<b>40 830</b>	<b>10 552</b>	<b>9 935</b>
<b>Total assets</b>	<b>558 205</b>	<b>623 598</b>	<b>527 407</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity	464 259	558 749	441 396
<b>Total equity</b>	<b>464 259</b>	<b>558 749</b>	<b>441 396</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Convertible debentures	8 278	7 761	8 011
Liabilities to credit institutions	48 931	48 075	48 503
Liabilities to Group companies	28 006	4 483	23 319
<b>Total long-term liabilities</b>	<b>85 214</b>	<b>60 319</b>	<b>79 832</b>
<b>Current liabilities</b>			
Accounts payments from customers	3 043	337	379
Other liabilities	276	516	689
Accrued expenses and deferred income	5 413	3 676	5 112
<b>Total current liabilities</b>	<b>8 731</b>	<b>4 530</b>	<b>6 179</b>
<b>Total liabilities</b>	<b>93 945</b>	<b>64 849</b>	<b>86 011</b>
<b>Total equity and liabilities</b>	<b>558 205</b>	<b>623 598</b>	<b>527 407</b>
<b>Note Pledged assets</b>			
Pledged shares in Group companies	85 500	85 500	85 500
Mortgage	50 000	50 000	50 000
Cash and cash equivalent	38 201	630	987
<b>Sum</b>	<b>173 701</b>	<b>136 130</b>	<b>136 487</b>
<b>Note Contingent liabilities</b>			
Contingent liabilities	0	0	0
<b>Sum</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Comparative figures are according to the adopted Annual Accounts of 2018



## Definitions

<b>Order intake</b>	Sum of all valid customer orders within a given accounting period
<b>Revenues</b>	Revenues plus other income
<b>Gross profit</b>	Operating revenues minus cost of goods sold
<b>Gross margin</b>	Gross profit in relation to operating revenues
<b>Operating costs</b>	Personnel costs and Other external expenses
<b>EBITDA</b>	Gross profit after Capex minus operating costs, and before depreciation and amortization
<b>EBIT</b>	EBITDA after depreciation and amortization
<b>Net profit/loss</b>	Operating profit minus, financial items and taxes
<b>Earnings per share (SEK) before dilution</b>	Profit for the period divided by the average number of shares outstanding during the period, before dilution from options
<b>Earnings per share (SEK) after dilution</b>	Profit for the period divided by the average number of shares outstanding during the period, after dilution from options  <i>According to IAS 33, earnings per share, profit after dilution shall be reported to the same amount as earnings per share before dilution</i>
<b>Price-Earnings Ratio</b>	Market value per Share divided by the earnings per Share, full year
<b>Equity per share</b>	Shareholders' equity divided by the number of shares outstanding at the end of the period
<b>Number of shares before dilution at the end of the period</b>	Number of shares outstanding before dilution from options, at the end of the period
<b>Number of shares after dilution at the end of the period</b>	Number of shares outstanding after dilution from options, at the end of the period
<b>Average number of shares before dilution</b>	Average number of shares during the period, before dilution from options
<b>Average number of shares after dilution</b>	Average number of shares during the period, after dilution from options
<b>Number of employees at the end of period (FTE)</b>	The number of employees at the end of the period, defined as full-time equivalents
<b>Average number of employees (FTE)</b>	The average number of employees during the period, defined as full-time equivalents
<b>Number of employees and external resources at end of period (FTE)</b>	The number of employees and external resources such as dedicated persons with contracted suppliers and subcontractors at the end of the period, defined as full-time equivalents
<b>Equity/assets ratio (Solidity)</b>	Equity at the end of period as a percentage of total assets at the end of the period
<b>Quick ratio</b>	Current assets in relation to current liabilities
<b>Net debt, Net cash</b>	Cash equivalents minus interest-bearing short-term and long-term liabilities.

## Contact information

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### Listed Shares

Symbol: CLAV

SIN-code: SE0005308558

*Örnsköldsvik, August 28, 2019*  
*Clavister Holding AB*